

Message Text

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PAGE 01 SAO PA 02250 292004Z

ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 AGRE-00 /094 W

-----103113 292011Z /72

R 291730Z AUG 77

FM AMCONSUL SAO PAULO

TO SECSTATE WASHDC 7961

INFO AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

AMCONSUL BELEM

AMCONSUL RECIFE

AMCONSUL SALVADOR

AMCONSUL PORTO ALEGRE

UNCLAS SAO PAULO 2250

E.O.11652: N/A

TAGS: ECON BR

SUBJECT: ECONOMIC AND EMPLOYMENT SITUATION IN SAO PAULO STATE
AND METROPOLITAN AREA

1. BEGIN SUMMARY. THE SAO PAULO STATE SECRETARIAT OF FINANCE HAS RELEASED DETAILED FIGURES ON ECONOMIC GROWTH AND EMPLOYMENT IN SAO PAULO STATE AND THE METROPOLITAN AREA OF SAO PAULO FOR THE FIRST HALF OF 1977. THESE ARE SIGNIFICANT BECAUSE 55 TO 60 PERCENT OF BRAZIL'S INDUSTRIAL PRODUCTION AND ORGANIZED LABOR ARE IN SAO PAULO STATE AND THE BULK OF THAT IN GREATER SAO PAULO OR THE SAO PAULO MUNICIPAL AREA. END SUMMARY.

2. THE SAO PAULO STATE SECRETARIAT OF FINANCE HAS RELEASED DETAILED FIGURES ON ECONOMIC GROWTH AND EMPLOYMENT IN SAO PAULO STATE IN THE METROPOLITAN AREA OF SAO PAULO FOR THE FIRST HALF OF 1977. THE FIGURES AS PUBLISHED IN THE O ESTADO DE SAO PAULO OF AUGUST 27 ARE:

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PAGE 02 SAO PA 02250 292004Z

(A) TOTAL STATE GROSS PRODUCTION RATE INCREASE, CORRECTED FOR INFLATION,(SAO PAULO REPRESENTS APPROXIMATELY 33 PERCENT OF BRAZIL'S GNP) IS 6.2 PERCENT, BROKEN DOWN BY SECTORS AS FOLLOWS: AGRICULTURE 24.4 PERCENT (BUT ONLY 2.4 PERCENT EXCLUDING COFFEE WHICH HAS HAD A STRONG RESURGENCE AFTER THE 1975 FROST); INDUSTRY 4.5 PERCENT; SERVICES 2.9 PERCENT.

(B) THE STATEWIDE INDEX OF OFFERS OF EMPLOYMENT IS REPORTED DOWN 36.8 PERCENT IN JUNE AS A WHOLE OVER JUNE 1976, A SLIGHT IMPROVEMENT FROM THE MAY LOW OF 41.1 PERCENT, BUT WITH THE EXCEPTION OF THIS ONE MONTH, THERE HAS BEEN A STEADY DETERIORATION ALL YEAR, WITH THE MOST MARKED JUMP IN FEBRUARY TO MINUS 23.8 PERCENT FROM MINUS 3.1 PERCENT.

(C) THE INDEX OF EMPLOYMENT LEVELS IN GREATER SAO PAULO WAS POSITIVE THROUGH APRIL IN RELATION TO THE EQUIVALENT MONTH OF 1976 BUT ON A DECLINING TREND: JANUARY PLUS 3.94 PERCENT; FEBRUARY PLUS 1.9 PERCENT; MARCH PLUS 1.18 PERCENT; APRIL PLUS 0.1 PERCENT; BUT MAY AND JUNE WERE BOTH MINUS 0.7 PERCENT.

(D) THE SECTORAL BREAKDOWN OF THE AREAS WITH REDUCED LEVELS OF EMPLOYMENT IN JUNE OVER JUNE 1976 COINCIDES WITH INFORMATION REPORTED AT THE CONGEN'S ROUNDTABLES AND BY OTHER SOURCES: METALWORKING OFF 2 PERCENT; COMMUNICATIONS AND TELECOMMUNICATIONS EQUIPMENT MINUS 5.7 PERCENT; TRANSPORTATION (LARGELY AUTOMOBILES) OFF 3 PERCENT; FURNITURE MINUS 5.3 PERCENT; RUBBER MINUS 3.4 PERCENT; PHARMACEUTICALS MINUS .6 PERCENT; COSMETICS MINUS 15.6 PERCENT; PLASTICS MINUS 1.8 PERCENT; TEXTILES MINUS 3.7 PERCENT AND CLOTHING MINUS 6.1 PERCENT.

THE DECLINE IN EMPLOYMENT IS ADMITTEDLY SPOTTY WITH 9 OR 19 SECTORS SHOWING INCREASES IN JUNE 1977 OVER A YEAR AGO (THE LEATHER UNCLASSIFIED

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PAGE 03 SAO PA 02250 292004Z

INDUSTRY SHOWED THE HIGHEST INCREASE 11.5 PERCENT) AND WITH 6 SECTORS SHOWING AN IMPROVEMENT IN JUNE OVER MAY 1977. NEVERTHELESS, THE PERVASIVE TREND IS DOWN AS THE BRAZILIAN GOVERNMENT'S POLICY OF COOLING THE ECONOMY TAKES HOLD.

2. COMMENT: THE ABOVE FIGURES ARE SIGNIFICANT BECAUSE 55 TO 60 PERCENT OF BRAZIL'S INDUSTRIAL PRODUCTION AND ORGANIZED LABOR ARE IN SAO PAULO STATE AND THE BULK OF THAT IN GREATER SAO PAULO OR THE SAO PAULO MUNICIPAL AREA. THE GOB AND STATE SOURCES HAVE HITHERTO MAINTAINED THAT THE ACTUAL EMPLOYMENT SITUATION IN SAO PAULO IS NOT OF MAJOR CONCERN. THIS IS, OF COURSE, CORRECT, BUT THE TREND LINE IS OF CONCERN, PARTICULARLY IN VIEW OF THE REQUIREMENT TO ABSORB 1 MILLION TO 1.5 MILLION NEW JOB SEEKERS IN THE URBAN LABOR MARKETS EVERY YEAR. NO ABSOLUTELY RELIABLE EMPLOYMENT OR UNEMPLOYMENT STATISTICS ARE IN EXISTENCE IN BRAZIL, BUT THE ABOVE FIGURES ARE A REASONABLE INSIGHT INTO THE PERFORMANCE OF THE DOMESTIC ECONOMY AND THE LABOR MARKET.

3. ABOVE CLEARED WITH LABOR ATTACHE.
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Message Attributes

Automatic Decaptioning: X
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